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February 16, 2001
Mary L. Cottrell, Secretary
Department of Telecommunications & Energy
Commonwealth of Massachusetts
One South Station, Second Floor
Boston, MA 02110

Re: D.T.E. 00-101 - Sixth Annual Price Cap Compliance Filing

Dear Ms. Cottrell:

This letter addresses AT&T's February 5, 2001, comments concerning Verizon Massachusetts' ("Verizon MA") Sixth Annual Price Cap compliance filing. None of the issues raised by AT&T warrant evidentiary hearings or further briefing for the Department to render its final decision in this proceeding.

First, AT&T asserts that Verizon MA should be required to reconcile its demand estimates with actual data for the three new services included in the compliance filing (i.e., Sound Deal Package, Sensible Minutes Plan and Local Package) and to make appropriate adjustments, if necessary. As in prior Price Cap cases, Verizon MA is not opposed to reconciling estimates contained in its filing that affect the calculation of rate changes required to satisfy the price cap rules. Verizon MA currently has a full year of data required to reconcile its estimates for two of the new services - Sound Deal and Sensible Minute. Complete data for the Local Package service will be available in late March 2001. Accordingly, as of April 17, 2001, Verizon MA will be in a position to file a supplement to the compliance filing reflecting any rate changes that may be required by such reconciliation.

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As shown below, the data already available establishes that Verizon MA's initial estimates understated the actual revenue effect of the new services.

Offering Estimated Revenue Effect Actual Revenue Effect

Sound Deal (\$2.28M) (\$2.19M)

Sensible Minute (\$0.12M) (\$0.14M)

Local Package (\$4.58M) (\$5.52M)

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These figures, which are based on twelve months' actual data for Sound Deal and Sensible Minutes and ten months' actual data for Local Package, demonstrate that Verizon MA actually reduced rates by a greater amount than called for by the Price Cap rules.

Second, AT&T's claim that Verizon MA improperly included wholesale service rates and quantities in the compliance filing is plainly wrong. The Department's first pricing rule was established to "govern the allowable change in the weighted average of all regulated services in the monopoly basket, whether or not those services are tariffed." Verizon MA Reply Comments at 4; D.P.U. 94-50, Order at 207 (emphasis added). Consistent with that Price Cap Order, Verizon MA has included wholesale services in all of its annual compliance filings, and the Department has repeatedly approved them. Until AT&T's claim in this last price cap filing, no party challenged that Verizon MA's treatment of wholesale services was required by the Department's Price Cap Order. AT&T's position here seeks nothing less than a change in the Price Cap Order and is completely unwarranted.

Finally, AT&T's proposal that carriers should be notified of and provided price floor demonstrations for each new service filed by Verizon MA does not require a ruling by the Department in this proceeding. The Department has yet to issue a final ruling on price floors. When that ruling is issued, Verizon MA will comply and include price floor demonstrations in filing for services that are subject to the requirement.

Very truly yours,

Barbara Anne Sousa

cc: Tina Chin, Esquire, Hearing Officer (3)

Michael Isenberg, Esquire, Director - Telecommunications Division

Attached Service List